

Auditing Procedures Report

Instructions and MuniCodes

*=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.07)

Unit Name* Riga ownership	County* LENAWEE	Type* TOWNSHIP	MuniCode* 46-1-170
Opinion Date-Use Calendar* Aug 13, 2008	Audit Submitted-Use Calendar* Sep 8, 2008	Fiscal Year End Month*	Fiscal Year* 2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input checked="" type="checkbox"/> ?	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> ?	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/> ?	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> ?	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/> ?	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> ?	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/> ?	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> ?	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/> ?	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> ?	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/> ?	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/> ?	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/> ?	13. Is the audit opinion unqualified? 14. If not, what type of opinion is it? NA
<input checked="" type="checkbox"/> ?	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/> ?	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> ?	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input type="checkbox"/> ?	18. Are there reported deficiencies? <input type="checkbox"/> 19. If so, was it attached to the audit report?

General Fund Revenue:	<input type="checkbox"/> \$ 206,322.00
General Fund Expenditure:	<input type="checkbox"/> \$ 182,054.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	<input type="checkbox"/> \$ 283,216.00
Governmental Activities Long-Term Debt (see instructions):	<input type="checkbox"/> \$ 0.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)* Brian	Last Name* Nofzinger	Ten Digit License Number* 1101022634		
CPA Street Address* 4196 W Maple Ave	City* Adrian	State* MI	Zip Code* 49221	Telephone* +1 (517) 263-5788
CPA Firm Name* Gross, Puckey, Gruel & Roof	Unit's Street Address* PO Box 25	Unit's City* Riga	Unit's Zip* 49276	

RIGA TOWNSHIP
LENAWEE COUNTY, MICHIGAN

FINANCIAL STATEMENTS

Year Ended March 31, 2008

RIGA TOWNSHIP
LENAWEE COUNTY, MICHIGAN

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

Year Ended March 31, 2008

TABLE OF CONTENTS

	<u>Page Number</u>
Management Discussion and Analysis	i-iv
Independent Auditors' Report	1-2
Basic Financial Statements:	
<i>Government-wide Financial Statements</i>	
Statement of Net Assets	3
Statement of Activities	4-5
<i>Fund Financial Statements</i>	
Balance Sheet - Governmental Funds	6
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	7
Statement of Net Assets - Proprietary Fund	8
Statement of Revenues, Expenditures and Changes in Fund Net Assets - Proprietary Funds	9
Statement of Cash Flows - Proprietary Funds	10
Statements of Fiduciary Net Assets - Fiduciary Funds	11
Notes to the Financial Statements	12-21
Required Supplemental Information:	
Combining Balance Sheet - Nonmajor Governmental Funds	22
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	23
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	24
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Fire Operating Fund	25
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Road Improvement Fund	26
Statement of Changes in Assets and Liabilities - Tax Collection Fund	27

Riga Township

MANAGEMENT DISCUSSION AND ANALYSIS

For the Fiscal Year Ended March 31, 2008

The Management's discussion and analysis, a requirement of GASB 34, is intended to be Riga Township Management's discussion and analysis of the financial results for the year ended March 31, 2008. As management of the Riga Township, Lenawee County, Michigan, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township.

FINANCIAL HIGHLIGHTS

- The assets of Riga Township exceeded its liabilities at the close of the most recent fiscal year by \$3,256,323 (*net assets*). Of this amount \$329,047 (*unrestricted net assets*) may be used to meet the township's ongoing obligations to citizens and creditors.
- As of the close of the fiscal year, Riga Township's governmental funds reported combined ending fund balances of \$494,515, an increase of \$18,485 in comparison with the prior year. Approximately 50% is available for spending at the discretion of the Township (*unreserved balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$283,216 of total general fund expenditures.
- The Township's total debt decreased by \$80,000 (6%) during the current fiscal year. The remaining debt is for the water and sewer system. There was no new debt acquired during the fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to Riga Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements themselves.

Government-wide financial statements. *The government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the Township's financial position is improving or deteriorating.

The *statement of activities* presents information showing how the Township's net assets have changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Township include: general government, fire department, police department, and construction bond fund. The business-type activities of the Township include: water fund and sewer fund. The government-wide financial statements can be found on pages 5-7 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Riga Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Riga Township maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Fire Department Operating Fund, Road Improvement Fund and Liquor Law Enforcement Fund. The General Fund, Fire Department Operating Fund and Road Improvement Fund are considered to be major funds with the Building Department Fund and Liquor Law Enforcement Fund as the non-major funds. During the year, the Township received a donation from an estate to be used for the fire department. This money, in the form of a Certificate of Deposit, was earmarked for a new building to house the fire department.

The Township adopts an annual appropriated budget for its general fund and special revenue funds. A budgetary comparison statement has been provided for the general fund and other major funds to demonstrate compliance with this budget.

Proprietary funds. Riga Township maintains two proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township uses the enterprise fund to account for its Water and Sewer services. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Township uses fiduciary funds to account for its taxes collected for other governmental units. The basic fiduciary fund financial statements can be found on page 13 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14 - 23 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*: Budgetary Comparison Schedules for the General, Fire Department Operating Fund, Road Improvement Fund, Liquor Law Enforcement Fund and Building Department Fund... Required supplementary information can be found on pages 24 - 29 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Riga Township, assets exceeded liabilities by \$1,240,864 at the close of the most recent fiscal year. By far the most significant portion of the Township's net assets (61%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The Township used these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of *unrestricted net assets* (\$494,515) may be used to meet the Township's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Township is able to report positive balances in both categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The Township's net assets increased by \$70,530 during the current fiscal year as discussed below.

Governmental activities. Governmental activities decreased the Township's net assets by \$12,775. Key elements of this decrease are as follows:

- The Township realized a decrease in revenue of \$32,133 in 2008 compared to 2007 due primarily to one event: loss of a fire and ambulance contract to provide services to Ogden Township.
- Fire and Rescue call revenue decreased by \$3,978 or an 11% decrease. This loss was minimized because of a better billing and collection service for the fire department.
- The Township received \$7,316 more tax revenue in 2008 than in 2007 which is a 7% increase mainly due to increased taxable value.
- The amount spent on general governmental activities decreased by \$139,844 or 30% mainly due to decreases in road improvements, fire department expenses and capital improvement projects as well as some decrease in administration.
- For the most part, the township was very conservative in its expenditures during the past year, because of the loss of revenue sources including the fire and ambulance contract and the loss of millage for road improvements in 2006.

Business-type activities. Business-type activities increased the Township's net assets by \$83,304. Key elements of this increase are as follows:

- There was an increase of \$432,417 in revenue from sale of water and sewer services due to the hookup of the Ethanol Plant. The related increase in operating expenses was \$411,612. The Net income increased by \$44,911 as a result of the new customer.

Financial Analysis of the Township's Funds

As noted earlier, the Township used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Township's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Township's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a Township's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$494,515, an increase of \$18,485 in comparison with the prior year. Approximately 100% of this total amount constitutes *unreserved fund balance*, which is available for spending at the Township's discretion.

The fund balance of the Township's general fund increased by \$23,500 during the current fiscal year. Key factors were as follows:

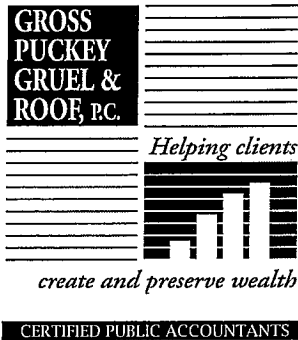
- The Township saw a decrease in expenditures due to the lack of capital outlay expenditures and a decrease in overhead.

Proprietary funds. The Township's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net increase of the Water and Sewer Funds at the end of the year amounted to \$7,439. The total increase in net assets was \$83,305. Other factors concerning the finances of the fund have already been addressed in the discussion of the Township's business-type activities.

General Fund Budgetary Highlights

There was little change in the General Fund budget that was adopted and the final budget. The expenses for constables were increased by \$600 to account for the cost of insurance and other actual expenses. There was an additional \$500 added for miscellaneous water and sewer expenses to mow the pump station area. The reserve and contingency was decreased by \$1,100 to allow for the above increases.



ADRIAN, MICHIGAN
JACKSON, MICHIGAN

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Township of Riga, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Riga Township, Michigan, as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Riga Township, Michigan management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Township of Riga, Michigan, as of March 31, 2008, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 13, 2008, on our consideration of the Township of Riga, Michigan internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages i through iv and 24 through 29, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Riga Township, Michigan basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Gross, Puckey, Gruel & Roof, P.C.

Gross, Puckey, Gruel & Roof, P.C.

Adrian, Michigan
August 13, 2008

**RIGA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

STATEMENT OF NET ASSETS

**March 31, 2008
With Comparative Totals for March 31, 2007**

	Primary Government			
	Governmental Activities	Business - Type Activities	Total	
			2008	2007
ASSETS				
Current Assets				
Cash	\$ 47,070	\$ 56,836	\$ 103,906	\$ 212,816
Investments	436,764	-	436,764	295,079
Taxes receivable	4,896	-	4,896	4,936
Due from other funds	16,187	-	16,187	18,628
Accounts receivable	1,394	18,188	19,582	27,946
Total Current Assets	506,311	75,024	581,335	559,405
Non-current Assets				
Cash - bond and interest redemption	-	44,394	44,394	25,283
Investments - bond reserve	-	86,567	86,567	84,100
Capital assets				
Land	46,214	-	46,214	46,214
Land improvements	359,784	-	359,784	358,891
Buildings and improvements	222,554	-	222,554	222,554
Machinery and equipment	84,281	-	84,281	84,281
Fire vehicles and equipment	690,693	-	690,693	672,224
Water system	-	1,346,107	1,346,107	1,346,107
Equipment	-	10,000	10,000	10,000
Sewer system	-	2,008,873	2,008,873	2,008,873
Pump stations	-	192,800	192,800	192,800
Accumulated depreciation	(657,176)	(290,249)	(947,425)	(858,105)
Total Non-current Assets	746,350	3,398,492	4,144,842	4,193,222
Total assets	\$ 1,252,661	\$ 3,473,516	\$ 4,726,177	\$ 4,752,627
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 6,282	\$ -	\$ 6,282	\$ 15,579
Salaries and related payroll payables	-	-	-	-
Payroll liabilities	1,552	-	1,552	3,580
Interest payable	-	16,968	16,968	17,918
Unearned revenue	-	-	-	2,266
Due to other funds	3,963	12,224	16,187	18,628
Current portion of bonds payable	-	24,000	24,000	22,000
Total Current Liabilities	11,797	53,192	64,989	79,971
Non-current Liabilities				
Non-current portion of long term liabilities	-	1,404,865	1,404,865	1,486,865
Total liabilities	11,797	1,458,057	1,469,854	1,566,836
Net Assets				
Investment in capital assets, net of related debt	746,350	1,838,666	2,585,016	2,574,974
Restricted for:				
Fire operations	88,609	-	88,609	84,169
Road maintenance	118,728	-	118,728	135,750
Building Department	3,962	-	3,962	(3,603)
Debt service	-	130,961	130,961	91,028
Unrestricted	283,215	45,832	329,047	303,475
Total Net Assets	\$ 1,240,864	\$ 2,015,459	\$ 3,256,323	\$ 3,185,793

The accompanying notes are an integral part of these financial statements.

RIGA TOWNSHIP
LENAWEE COUNTY, MICHIGAN

STATEMENT OF ACTIVITIES

For the Year Ended March 31, 2008
With Comparative Totals for Year Ended March 31, 2007

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>
			<u>Contributions</u>	<u>Contributions</u>
Primary Government:				
Governmental activities:				
General government	\$ 155,489	\$ 52,563	\$ -	\$ -
Public safety	128,657	32,522	-	-
Highways and streets	26,108	-	-	-
Parks and recreation	3,921	-	-	-
Other	47,730	-	-	-
Total governmental activities	<u>361,905</u>	<u>85,085</u>	<u>-</u>	<u>-</u>
Business-Type activities:				
Water	491,139	454,712	-	-
Sewer	233,059	178,318	-	-
Total business-type activities	<u>724,198</u>	<u>633,030</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 1,086,103</u>	<u>\$ 718,115</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:

Property taxes

State revenue

Investment earnings

Other

Total general revenues

Change in net assets

Net assets - beginning of year

Net assets - end of year

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Assets
Primary Government

Governmental Activities	Business-Type Activities	Total 2008	Total 2007
\$ (102,926)	\$ -	\$ (102,926)	\$ (188,526)
(96,135)	-	(96,135)	(111,601)
(26,108)	-	(26,108)	(56,564)
(3,921)	-	(3,921)	(5,339)
(47,730)	-	(47,730)	(50,999)
<u>(276,820)</u>	<u>-</u>	<u>(276,820)</u>	<u>(413,029)</u>
-	(36,427)	(36,427)	(46,174)
<u>-</u>	<u>(54,741)</u>	<u>(54,741)</u>	<u>(69,299)</u>
<u>-</u>	<u>(91,168)</u>	<u>(91,168)</u>	<u>(115,473)</u>
<u>\$ (276,820)</u>	<u>\$ (91,168)</u>	<u>\$ (367,988)</u>	<u>\$ (528,502)</u>
\$ 113,620	\$ -	\$ 113,620	\$ 106,304
99,003	-	99,003	98,311
17,521	4,996	22,517	24,542
33,901	169,477	203,378	198,705
<u>264,045</u>	<u>174,473</u>	<u>438,518</u>	<u>427,862</u>
(12,775)	83,305	70,530	(100,640)
<u>1,253,639</u>	<u>1,932,154</u>	<u>3,185,793</u>	<u>3,286,433</u>
<u>\$ 1,240,864</u>	<u>\$ 2,015,459</u>	<u>\$ 3,256,323</u>	<u>\$ 3,185,793</u>

The accompanying notes are an integral part of these financial statements.

**RIGA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

**BALANCE SHEET
GOVERNMENTAL FUNDS**

March 31, 2008

With Comparative Totals for March 31, 2007

	General	Fire Operating	Road Improvement	Nonmajor Funds	Total Governmental Funds	
					<u>2008</u>	<u>2007</u>
<u>ASSETS</u>						
Cash	\$ 277,711	\$ 87,396	\$ 118,727	\$ -	\$ 483,834	\$ 476,571
Taxes receivable	2,315	2,581	-	-	4,896	4,936
Accounts receivable	1,394	-	-	-	1,394	1,225
Due from other funds	12,224	-	-	3,963	16,187	17,628
Total assets	<u>\$ 293,644</u>	<u>\$ 89,977</u>	<u>\$ 118,727</u>	<u>\$ 3,963</u>	<u>\$ 506,312</u>	<u>\$ 500,360</u>
<u>LIABILITIES</u>						
Accounts payable	\$ 4,912	\$ 1,370	\$ -	\$ -	\$ 6,282	\$ 15,579
Payroll liabilities	1,552	-	-	-	1,552	3,580
Due to other funds	3,963	-	-	-	3,963	2,904
Unearned revenue	-	-	-	-	-	2,266
Total liabilities	<u>\$ 10,427</u>	<u>\$ 1,370</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,797</u>	<u>\$ 24,329</u>
Fund Balances:						
Unreserved, reported in:						
General Fund	\$ 283,216	\$ -	\$ -	\$ -	\$ 283,216	\$ 259,716
Special Revenue Funds	-	88,609	118,728	3,962	211,299	216,315
Total fund balances	<u>283,216</u>	<u>88,609</u>	<u>118,728</u>	<u>3,962</u>	<u>494,515</u>	<u>476,031</u>
Total liabilities and fund balances	<u>\$ 293,644</u>	<u>\$ 89,977</u>	<u>\$ 118,727</u>	<u>\$ 3,963</u>	<u>\$ 506,312</u>	<u>\$ 500,360</u>
Total governmental fund balances					\$ 494,515	\$ 476,031
Amounts reported for governmental activities in the statement of net assets are different because:						
Capital assets used in governmental activities are not financial resources and are reported in the funds.						
The cost of the capital assets is					1,403,526	1,384,164
The accumulated depreciation is					(657,176)	(606,557)
Net assets of governmental activities					<u>\$ 1,240,864</u>	<u>\$ 1,253,638</u>

The accompanying notes are an integral part of these financial statements.

**RIGA TOWNSHIP
LENAAWEE COUNTY, MICHIGAN**

**STATEMENT OF REVENUES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS**

For the Year Ended March 31, 2008
With Comparative Totals for the Year Ended March 31, 2007

	General	Fire Operating	Road Improvements	Nonmajor Funds	Total Governmental Funds	
					2008	2007
Revenues:						
Property taxes	\$ 53,740	\$ 59,907	\$ (27)	\$ -	\$ 113,620	\$ 106,304
State shared revenues	99,003	-	-	-	99,003	98,311
Charges for services:						
Cemetery	8,050	-	-	-	8,050	7,050
Ambulance and fire	-	32,522	-	-	32,522	36,500
Permit fees	-	-	-	14,498	14,498	33,544
Bulk water	23,135	-	-	-	23,135	22,222
Hall rental	6,880	-	-	-	6,880	7,951
Interest	9,916	3,285	4,320	-	17,521	20,231
Miscellaneous	5,598	23,510	4,793	-	33,901	49,150
Total revenues	<u>206,322</u>	<u>119,224</u>	<u>9,086</u>	<u>14,498</u>	<u>349,130</u>	<u>381,263</u>
Expenditures:						
Current:						
General government:						
Administration	96,199	-	-	-	96,199	113,673
Buildings and grounds	19,025	-	-	-	19,025	20,009
Inspections	-	-	-	6,627	6,627	53,407
Cemetery	14,418	-	-	-	14,418	18,614
Capital outlay	892	18,468	-	-	19,360	37,296
Public safety:						
Liquor law enforcement	-	-	-	1,073	1,073	1,800
Fire protection	-	96,316	-	-	96,316	113,729
Public works:						
Highway and streets	-	-	26,108	-	26,108	56,564
Parks and recreation:						
Park	3,790	-	-	-	3,790	4,399
Other:						
Bulk water	22,803	-	-	-	22,803	22,588
Water and sewer expense	2,512	-	-	-	2,512	2,014
Miscellaneous	22,415	-	-	-	22,415	26,397
Total expenditures	<u>182,054</u>	<u>114,784</u>	<u>26,108</u>	<u>7,700</u>	<u>330,646</u>	<u>470,490</u>
Excess (deficiency) of revenues over (under) expenditures	<u>24,268</u>	<u>4,440</u>	<u>(17,022)</u>	<u>6,798</u>	<u>18,484</u>	<u>(89,227)</u>
Other financing sources (uses):						
Transfers in	-	-	-	768	768	1,030
Transfers out	<u>(768)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(768)</u>	<u>(1,030)</u>
Total other financing sources (uses)	<u>(768)</u>	<u>-</u>	<u>-</u>	<u>768</u>	<u>-</u>	<u>-</u>
Net change in fund balances	23,500	4,440	(17,022)	7,566	18,484	(89,227)
Fund Balance - beginning of year	<u>259,716</u>	<u>84,169</u>	<u>135,750</u>	<u>(3,604)</u>	<u>476,031</u>	<u>565,258</u>
Fund Balance - end of year	<u>\$ 283,216</u>	<u>\$ 88,609</u>	<u>\$ 118,728</u>	<u>\$ 3,962</u>	<u>\$ 494,515</u>	<u>\$ 476,031</u>
Net Change in Fund Balances - Total Governmental Funds					\$ 18,484	(89,227)
Amounts reported for governmental activities in the statement of activities are different because:						
* Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation.						
Depreciation expense					(50,619)	(51,707)
Capital Outlay					<u>19,360</u>	<u>1,900</u>
Changes in net assets of governmental activities					<u>\$ (12,775)</u>	<u>\$ (139,034)</u>

The accompanying notes are an integral part of these financial statements.

**RIGA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

March 31, 2008

With Comparative Totals for March 31, 2007

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Total Proprietary Funds	
			2008	2007
ASSETS:				
Current assets:				
Cash	\$ 13,520	\$ 43,316	\$ 56,836	\$ 31,324
Accounts receivable	8,072	10,116	18,188	26,721
Due from other funds	-	-	-	1,000
Total current assets	<u>21,592</u>	<u>53,432</u>	<u>75,024</u>	<u>59,045</u>
Restricted assets:				
Cash - bond and interest redemption	28,856	15,538	44,394	25,283
Investments - bond reserve	32,836	53,731	86,567	84,100
Total restricted assets	<u>61,692</u>	<u>69,269</u>	<u>130,961</u>	<u>109,383</u>
Capital assets:				
Water system	1,346,107	-	1,346,107	1,346,107
Equipment	10,000	-	10,000	10,000
Sewer system		2,008,873	2,008,873	2,008,873
Pump stations		192,800	192,800	192,800
Accumulated depreciation	(103,447)	(186,802)	(290,249)	(251,547)
Total capital assets	<u>1,252,660</u>	<u>2,014,871</u>	<u>3,267,531</u>	<u>3,306,233</u>
Total assets	<u>\$ 1,335,944</u>	<u>\$ 2,137,572</u>	<u>\$ 3,473,516</u>	<u>\$ 3,474,661</u>
LIABILITIES:				
Current liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Interest payable	5,866	11,102	16,968	17,918
Due to other funds	12,224	-	12,224	15,724
Current portion of bonds payable	8,000	16,000	24,000	22,000
Total current liabilities	<u>26,090</u>	<u>27,102</u>	<u>53,192</u>	<u>55,642</u>
Long-term liabilities:				
Noncurrent portion of bonds payable	485,865	919,000	1,404,865	1,486,865
Total liabilities	<u>511,955</u>	<u>946,102</u>	<u>1,458,057</u>	<u>1,542,507</u>
NET ASSETS:				
Invested in capital assets, net or related debt	758,795	1,079,871	1,838,666	1,802,733
Restricted for:				
Debt service	61,692	69,269	130,961	91,028
Unrestricted	<u>3,502</u>	<u>42,330</u>	<u>45,832</u>	<u>38,393</u>
Total net assets	<u>\$ 823,989</u>	<u>\$ 1,191,470</u>	<u>\$ 2,015,459</u>	<u>\$ 1,932,154</u>

The accompanying notes are an integral part of these financial statements.

**RIGA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS

March 31, 2008

With Comparative Totals for Year Ended March 31, 2007

	Business-Type Activities - Enterprise Funds			
			Total Proprietary Funds	
	Water	Sewer	2008	2007
OPERATING REVENUES:				
Water usage	\$ 454,712	\$ -	\$ 454,712	\$ 117,091
Sewer usage fee	-	178,318	178,318	83,522
Total operating Revenues	454,712	178,318	633,030	200,613
Operating expenses				
Labor - Drain Commission	6,902	4,837	11,739	16,651
Administrative fee	3,000	3,000	6,000	6,000
Water treatment and testing	837	-	837	1,164
Materials and supplies	1,167	235	1,402	148
Equipment maintenance	(969)	2,940	1,971	12,075
Utilities	114	1,532	1,646	1,719
Insurance	251	251	502	475
Miscellaneous	1,126	224	1,350	1,570
Depreciation	13,794	24,909	38,703	38,703
Usage charges	438,639	146,871	585,510	159,750
Communications	365	2,249	2,614	2,394
Travel	1,113	1,017	2,130	2,143
Total operating expenses	466,339	188,065	654,404	242,792
Operating loss	(11,627)	(9,747)	(21,374)	(42,179)
Nonoperating revenues (expenses):				
Interest income	2,266	2,730	4,996	4,311
Hook-up fees	26,898	41,518	68,416	78,758
Debt revenue	57,774	43,287	101,061	70,797
Other revenue	-	-	-	-
Interest expenses	(24,800)	(44,994)	(69,794)	(73,293)
Net income	50,511	32,794	83,305	38,394
Net Assets - beginning of year	773,478	1,158,676	1,932,154	1,893,760
Net Assets - end of year	\$ 823,989	\$ 1,191,470	\$ 2,015,459	\$ 1,932,154

The accompanying notes are an integral part of these financial statements.

RIGA TOWNSHIP
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

March 31, 2008
With Comparative Totals for Year Ended March 31, 2007

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Total Proprietary Funds	
			2008	2007
Cash flows from operating activities:				
Cash received from customers	\$ 465,588	\$ 175,975	\$ 641,563	\$ 197,509
Cash paid to employees and suppliers	(454,603)	(164,548)	(619,151)	(194,295)
Net cash used in operations activities	10,985	11,427	22,412	3,214
Cash flows from capital and related financing activities:				
Debt revenue	57,774	43,287	101,061	70,797
Hook-up fees	26,898	41,518	68,416	78,758
Repayment of principle	(47,000)	(33,000)	(80,000)	(91,000)
Interest payments	(24,800)	(44,994)	(69,794)	(73,293)
Net cash provided by capital and related financing activities	12,872	6,811	19,683	(14,738)
Cash flows from investing activities:				
Invested in certificates of deposit	(936)	(1,531)	(2,467)	(20,923)
Interest income	2,266	2,730	4,996	4,311
Net cash provided by (used-in) investing activities	1,330	1,199	2,529	(16,612)
Net increase in cash and cash equivalents	25,187	19,437	44,624	(28,136)
Cash and cash equivalents - beginning of year	17,189	39,418	56,607	84,743
Cash and cash equivalents - end of year	\$ 42,376	\$ 58,855	\$ 101,231	\$ 56,607
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Net operating income (loss)	\$ (11,627)	\$ (9,747)	\$ (21,374)	\$ (42,179)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation expense	13,794	24,909	38,703	38,703
(Increase) Decrease in:				
Accounts Receivable	10,876	(2,343)	8,533	(3,104)
Due from other funds	1,000	-	1,000	(1,000)
Increase (decrease) in:				
Accounts Payable and other liabilities	(558)	(392)	(950)	(1,430)
Due to other funds	(2,500)	(1,000)	(3,500)	12,224
Net Cash used in operating activities	\$ 10,985	\$ 11,427	\$ 22,412	\$ 3,214

The accompanying notes are an integral part of these financial statements.

RIGA TOWNSHIP

STATEMENTS OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
March 31, 2008 and 2007

<u>ASSETS</u>	<u>Agency Fund</u>	
	<u>2008</u>	<u>2007</u>
Cash and cash equivalents	\$ <u>1,394</u>	\$ <u>1,225</u>
Total assets	\$ <u>1,394</u>	\$ <u>1,225</u>
 <u>LIABILITIES</u>		
Accounts payable	\$ <u>1,394</u>	\$ <u>1,225</u>
Total liabilities	\$ <u>1,394</u>	\$ <u>1,225</u>

The accompanying notes are an integral part of these financial statements.

RIGA TOWNSHIP
LENAWEE COUNTY, MICHIGAN

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Riga Township, Lenawee County, Michigan (Township) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units.

Effective March 31, 2004, Riga Township, Lenawee County, Michigan implemented the provisions of GASB Statement No. 34, *Basic Financial Statements — and Management's Discussion and Analysis—for State and Local Governments*. Significant changes in the statement include the following:

- A Management's Discussion and Analysis (MD&A) section providing an analysis of the Township's overall financial position and results of operations has been included with the financial statements.
- Financial statements prepared using full accrual accounting for all of the Township's activities.
- A change in the fund financial statements to focus on the major funds.

A. Reporting Entity

The Township of Riga is a noncharter township, governed by a Board of Trustees. As required by generally accepted accounting principles, these financial statements present Riga Township as a primary government. There are no component units to the Township.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

RIGA TOWNSHIP
LENAWEE COUNTY, MICHIGAN

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement focus, basis of accounting, and financial statement presentation (Continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Amounts due from other governments and services provided associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund,

The Fire Operating Fund accounts for financial resources of the Township's Fire Department.

The Road Improvement Fund accounts for the maintenance of the roads within the limits of the Township.

The government reports the following major proprietary funds:

The Water Fund accounts for the acquisition, operation, and maintenance of the Township's water system,

The Sewer Fund accounts for the acquisition, operation, and maintenance of the Township's sewer system.

Additionally, the Township reports the following fund type:

The Special Revenue Funds (Liquor Law Enforcement and Building Department) are used to account for the proceeds of specific revenue sources other than special assessments, expendable trusts, or major capital projects that are legally restricted to expenditures for particular purposes.

The Fiduciary Fund (Tax Collection Fund) is a trust and agency fund used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector guidance.

RIGA TOWNSHIP
LENAWEE COUNTY, MICHIGAN

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement focus, basis of accounting, and financial statement presentation (Continued)

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments of utility charges between the Township's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various function concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

The Proprietary Fund distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Funds relate to charges to customers for sales and services. Operating expenses for this fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as *nonoperating* revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. Assets, liabilities, and net assets or equity

1. Cash and investments

Cash includes amounts in cash on hand, demand deposits, except those deposits noted as investments (see below), as well as short-term investments with a maturity date within three months of the date acquired by the government.

Investments include money market and certificates of deposit where the intent is to hold funds long-term, as well as investments with maturity dates over three months of the date acquired by the government.

State statutes authorize the government to invest in Obligations of the U.S. Treasury, Federal Agencies, commercial paper, corporate bonds, repurchase agreements, and State approved Investment Pools.

Investments are stated at cost or amortized cost. The Township will use amortized cost only when it reflects fair value of the investment. Currently, no investments are stated at amortized cost.

RIGA TOWNSHIP
LENAWEE COUNTY, MICHIGAN

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, liabilities, and net assets or equity (Continued)

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. The Township had no advances between funds at March 31, 2008.

Personal property taxes receivable is shown net of an allowance for uncollectibles.

Properties are assessed as of December 31 and the tax levies are July 1 and December 1 of the following year. The tax levies of July 1 and December 1, 2007 are revenues in the Township's fiscal year ended March 31, 2008.

The Township had a general tax millage of .8485 for 2007. The Township's maximum allowable millage is 1.0 mills. The Township had a road improvement millage of 1.9992 and a fire department millage of .9771 for 2007.

A lien on the property occurs when the taxes are levied. The taxes levied July 1 are payable by August 31 without penalty. The taxes levied December 1 are payable by February 14 without penalty.

Since the County through revolving funds obtains the delinquent real property taxes for the Township, the sixty (60) day rule does not apply to such delinquent taxes receivable.

3. Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (FIFO) method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted assets

Certain proceeds of the water and sewer fund revenue bonds and general obligations bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The bond interest and redemption account is used to segregate resources accumulated for debt service payments. The bond reserve account is used to report resources set aside to make debt service payment on bonds which would otherwise be in default.

RIGA TOWNSHIP
LENAWEE COUNTY, MICHIGAN

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, liabilities, and net assets or equity (Continued)

5. Capital assets

Capital assets, which include property, plant and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	30
Buildings	50
Machinery and equipment	10
Furniture	20
Fire vehicles	20
Water system	100
Water equipment	30
Sewer system	100
Sewer pump stations	40

6. Long-term obligations

In the governmental-wide financial statements and the proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

7. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. The reserve for Building Department represents the portion of fund balance segregated for the specific use of the Building Department Fund in future years.

The government-wide statements of net assets reports \$342,260 of restricted net assets of which \$122,690 is restricted by enabling legislation.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The accounting basis used by the Township for budgeting is in accordance with accounting principles generally accepted in the United States of America (GAAP).

RIGA TOWNSHIP
LENAWEE COUNTY, MICHIGAN

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2008

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

The Township follows the budgetary procedures outlined by the State of Michigan including public hearings and proper adoption. All funds of the Township have a budget. All annual appropriations lapse at fiscal year end. The budgets are amended during the year as needed.

B. Excess of expenditures over appropriations in budgetary funds

P.A. 621 of 1978, Section 18(1), as amended, of the State of Michigan provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated. Riga Township did not incur expenditures in excess of the amount appropriated in any of their funds. One expenditure function in the General Fund budget exceeded the amount budgeted.

In the body of the *financial statements*, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on an activity basis. The approved budgets of the Township for these budgetary funds were adopted to the activity level.

NOTE 3. DEPOSITS AND INVESTMENTS

A. Deposits

Custodial Credit Risk-Deposits. Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned to the Township. The Township does not have a deposit policy for custodial credit risk. As of March 31, 2008, \$33,032 of the Township's bank balance of \$154,889 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized \$ 33,032

Investments

A summary of investments follows:

<u>Fund</u>	<u>Investment</u>	<u>Institution</u>	<u>Interest Rate</u>	<u>Amount</u>	<u>Maturity Date</u>
General	Certificate of Deposit	Key Bank	3.26%	\$ 50,402	7/02/2008
General	Certificate of Deposit	Key Bank	1.50%	114,487	9/20/2008
General	Certificate of Deposit	Bank of Lenawee	4.85%	100,000	10/07/2008
Road Improvement	Certificate of Deposit	LaSalle Midwest, N.A.	4.73%	75,007	5/28/2008
Road Improvement	Certificate of Deposit	LaSalle Midwest, N.A.	3.45%	43,339	7/11/2008
Fire Operating	Certificate of Deposit	United Bank & Trust	4.55%	30,000	5/07/2008
Fire Operating	Certificate of Deposit	Monroe Bank & Trust	3.52%	23,530	1/18/2009
Water	Certificate of Deposit	United Bank & Trust	5.23%	32,836	11/23/2008
Sewer	Certificate of Deposit	United Bank & Trust	5.23%	<u>53,731</u>	11/23/2008
				<u>\$ 523,332</u>	

Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment. The Township limits exposure to interest rate risk by having investments at short-term maturities. (See Table of Investments).

RIGA TOWNSHIP
LENAWEE COUNTY, MICHIGAN

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2008

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Township will not be able to recover the value of investment of collateral securities that are in possession of an outside party. As of March 31, 2008, \$181,053 of the Township's investments of \$523,332 is uninsured and uncollateralized.

Concentration of credit risk is the risk of loss attributed to the magnitude of a Government's investment in a single issuer. As of March 31, 2008, Riga Township held 37.2% of its deposits and investments with United Bank & Trust, 14.9% with Bank of Lenawee, 23.7% with Key Bank, and 18.4% with LaSalle Bank Midwest, N.A.

NOTE 4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended March 31, 2008 was as follows:

	<u>Balance</u> <u>April 1, 2007</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>March 31, 2008</u>
Governmental activities:				
Assets, not being depreciated – land	\$ 46,215	\$ -	\$ -	\$ 46,215
Land improvements	358,891	893	-	359,784
Buildings and improvements	222,554	-	-	222,554
Machinery and equipment	84,281	-	-	84,281
Fire vehicles and equipment	672,225	18,468	-	690,693
Total depreciable capital assets	1,337,951	19,361	-	1,357,312
Less: Accumulated depreciation				
Land improvements	99,027	11,622	-	110,649
Building and improvements	95,404	4,451	-	99,855
Machinery and equipment	66,041	3,278	-	69,319
Fire vehicles and equipment	346,086	31,268	-	377,354
Total accumulated depreciation	606,558	50,619	-	657,177
Net depreciable capital assets	731,393	(31,258)	-	700,135
Governmental activities net capital assets	\$ 777,608	\$ (31,258)	\$ -	\$ 746,350

RIGA TOWNSHIP
LENAWEE COUNTY, MICHIGAN

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2008

NOTE 4. CAPITAL ASSETS (Continued)

	<u>Balance</u> <u>April 1, 2007</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>March 31, 2008</u>
Business-type activities:				
Water system	\$ 1,346,107	\$ -	\$ -	\$ 1,346,107
Equipment	10,000			10,000
Sewer system	2,008,873		-	2,008,873
Pump stations	192,800	-	-	192,800
	<hr/>	<hr/>	<hr/>	<hr/>
Total depreciable capital assets	3,557,780	-	-	3,557,780
 Less: Accumulated depreciation				
Water system	87,486	13,461	-	100,947
Equipment	2,167	333	-	2,500
Sewer system	130,564	20,089	-	150,653
Pump stations	31,330	4,820	-	36,150
	<hr/>	<hr/>	<hr/>	<hr/>
Total accumulated depreciation	251,547	38,703	-	290,250
	<hr/>	<hr/>	<hr/>	<hr/>
Business-type activities net capital assets	\$ 3,306,233	\$ (38,703)	\$ -	\$ 3,267,530
	<hr/>	<hr/>	<hr/>	<hr/>

Depreciation expense charged to functions as follows:

Governmental activities:

General government	\$ 19,220
Public safety	31,268
Park and recreation	<u>131</u>
Total depreciation expense – governmental activities	<u>\$ 50,619</u>

Business-type activities:

Water Fund	\$ 13,794
Sewer Fund	<u>24,909</u>
Total depreciation expense – business-type activities	<u>\$ 38,703</u>

NOTE 5. INTERFUND BALANCES AND TRANSFERS

Interfund balances – Due to/from other funds

Interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made. All balances at March 31, 2008 are expected to be repaid within the next fiscal year.

<u>Fund</u>	<u>Due From</u>	<u>Fund</u>	<u>Due To</u>
Nonmajor	3,963	General	3,963
Water	12,224	General	12,224

RIGA TOWNSHIP
LENAWEE COUNTY, MICHIGAN

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2008

NOTE 5. INTERFUND BALANCES AND TRANSFERS (Continued)

Interfund transfers:

Interfund transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt services from the funds collecting the receipts to the Debt Service Fund as debt service payments become due and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

A schedule of interfund transfers follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Nonmajor	\$ 768	\$ -
General	-	768
	<u>\$ 768</u>	<u>\$ 768</u>

NOTE 6. REVENUE BONDS

Business-type activities

At March 31, 2008, the Bond and Interest Redemption Account had a balance of \$28,856 and the Bond Reserve Account had a balance of \$32,836 in the Water Fund. As of March 31, 2008, the Township had an outstanding bond payable of \$585,865, which is recorded as a liability in the Water Fund.

At March 31, 2008, the Bond and Interest Redemption Account had a balance of \$15,538 and the Bond Reserve Account had a balance of \$53,731 in the Sewer Fund. As of March 31, 2008, the Township had an outstanding bond payable of \$1,014,000, which is recorded as a liability in the Sewer Fund.

	<u>Water Fund Revenue Bond Series 1999 A</u>	<u>Sewer Fund Revenue Bond Series 1999 A</u>	<u>Sewer Fund Revenue Bond Series 1999 B</u>	<u>Total</u>
Balance, April 1, 2007	\$ 540,865	\$ 816,000	\$ 161,000	\$ 1,517,865
Increases	-	-	-	-
Decreases	<u>(47,000)</u>	<u>(11,000)</u>	<u>(22,000)</u>	<u>(80,000)</u>
Balance, March 31, 2008	493,865	805,000	139,000	1,437,865
Less: Current portion	<u>(8,000)</u>	<u>(11,000)</u>	<u>(5,000)</u>	<u>(24,000)</u>
Total due after one year	<u>\$ 485,865</u>	<u>\$ 794,000</u>	<u>\$ 134,000</u>	<u>\$ 1,413,865</u>

RIGA TOWNSHIP
LENAWEE COUNTY, MICHIGAN

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2008

NOTE 6. REVENUE BONDS (Continued)

Business-type activities

Debt service requirements at March 31, 2008 are as follows:

<u>Year ended March 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 24,000	\$ 66,731	\$ 90,731
2010	26,000	66,636	92,636
2011	26,000	66,636	92,636
2012	29,000	66,494	95,494
2013	30,000	66,446	96,446
2014-2018	171,000	331,233	502,233
2019-2023	216,000	329,095	545,095
2024-2028	256,000	327,195	583,195
2029-2033	281,000	326,008	607,008
2034-2038	285,865	325,777	611,642
2039-2040	84,000	131,752	215,752
	<u>\$ 1,428,865</u>	<u>\$ 2,104,003</u>	<u>\$ 3,532,868</u>

RIGA TOWNSHIP
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

March 31, 2008
With Comparative Totals for March 31, 2007

ASSETS	<u>Liquor Law Enforcement</u>	<u>Building Department</u>	<u>2008</u>	<u>2007</u>
Cash	\$ -	\$ -	\$ -	\$ -
Due from other funds	<u>80</u>	<u>3,883</u>	<u>3,963</u>	<u>2,904</u>
Total assets	<u>\$ 80</u>	<u>\$ 3,883</u>	<u>\$ 3,963</u>	<u>\$ 2,904</u>
<u>LIABILITIES AND FUND BALANCE</u>				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 6,508
Unearned revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,508</u>
FUND BALANCES				
Unreserved	<u>80</u>	<u>-</u>	<u>80</u>	<u>-</u>
Total fund balance	<u>80</u>	<u>3,883</u>	<u>3,963</u>	<u>(3,604)</u>
Total liabilities and fund balances	<u>\$ 80</u>	<u>\$ 3,883</u>	<u>\$ 3,963</u>	<u>\$ 2,904</u>

The accompanying notes are an integral part of these financial statements.

**RIGA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

**COMBINING STATEMENT OF REVENUES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS**

**For the Year Ended March 31, 2008
With Comparative Totals for the Year Ended March 31, 2007**

	<u>Liquor Law Enforcement</u>	<u>Building Department</u>	<u>2008</u>	<u>2007</u>
Revenues:				
Charges for services	\$ 385	\$ 14,114	\$ 14,499	\$ 28,544
Miscellaneous	-	5,737	5,737	-
Total revenue	<u>385</u>	<u>19,851</u>	<u>20,236</u>	<u>28,544</u>
Expenditures:				
Liquor law enforcement	1,073	-	1,073	1,800
Building Department	<u>-</u>	<u>12,364</u>	<u>12,364</u>	<u>54,984</u>
Total expenditures	<u>1,073</u>	<u>12,364</u>	<u>13,437</u>	<u>56,784</u>
Excess (deficiency) of revenues over (under) expenditures	(688)	7,487	6,799	(28,240)
Other financing sources:				
Transfer in	<u>768</u>	<u>-</u>	<u>768</u>	<u>1,030</u>
Net change in fund balances	80	7,487	7,567	(27,210)
Fund balances - beginning of year	<u>-</u>	<u>(3,604)</u>	<u>(3,604)</u>	<u>23,606</u>
Fund balances - end of year	<u>\$ 80</u>	<u>\$ 3,883</u>	<u>\$ 3,963</u>	<u>\$ (3,604)</u>

The accompanying notes are an integral part of these financial statements.

**RIGA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Year Ended March 31, 2008

	Original Budget	Final Budget	Actual	Variance Over(Under)
REVENUES:				
Property taxes	\$ 52,000	\$ 52,000	\$ 53,740	\$ 1,740
State revenue sharing	98,000	98,000	99,003	1,003
Charges for services				
Cemetery	8,000	8,000	8,050	50
Bulk Water	22,000	22,000	23,135	1,135
Other	6,000	6,000	6,880	880
Interest	6,000	6,000	9,916	3,916
Miscellaneous	<u>6,000</u>	<u>6,000</u>	<u>5,598</u>	<u>(402)</u>
Total revenues	198,000	198,000	206,322	8,322
EXPENDITURES:				
General Government:				
Administration	110,000	110,000	96,199	(13,801)
Building and Grounds	20,000	20,000	19,025	(975)
Cemetery	20,000	20,000	14,418	(5,582)
Parks and Recreation:				
Park	4,500	4,500	3,790	(710)
Other:				
Bulk Water	25,000	25,000	22,803	(2,197)
Water and sewer expense	-	500	2,512	2,012
Capital outlay	18,500	18,500	892	(17,608)
Miscellaneous	<u>49,200</u>	<u>48,700</u>	<u>22,415</u>	<u>(26,285)</u>
Total expenditures	<u>247,200</u>	<u>247,200</u>	<u>182,054</u>	<u>(65,146)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(49,200)</u>	<u>(49,200)</u>	<u>24,268</u>	<u>73,468</u>
OTHER FINANCING SOURCES (USES):				
Transfers in			-	-
Transfers out	<u>-</u>	<u>-</u>	<u>(768)</u>	<u>(768)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(768)</u>	<u>(768)</u>
Net change in fund balances	<u>\$ (49,200)</u>	<u>\$ (49,200)</u>	23,500	<u>\$ 72,700</u>
FUND BALANCES:				
Fund Balance - April 1, 2007			<u>259,716</u>	
Fund Balance - March 31, 2008			<u>\$ 283,216</u>	

The accompanying notes are an integral part of these financial statements.

**RIGA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

FIRE OPERATING FUND

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Year Ended March 31, 2008

	Original Budget	Final Budget	Actual	Variance Over(Under)
REVENUES:				
Property taxes	\$ 59,000	\$ 59,000	\$ 59,907	\$ 907
Charges for services				
Ambulance and fire	38,000	38,000	32,522	(5,478)
Interest	2,000	2,000	3,285	1,285
Miscellaneous	-	-	23,510	23,510
	<u>99,000</u>	<u>99,000</u>	<u>119,224</u>	<u>20,224</u>
Total revenues				
EXPENDITURES:				
Public safety:				
Fire protection	120,000	108,000	96,316	(11,684)
Other:				
Capital outlay	10,000	22,000	18,468	(3,532)
	<u>130,000</u>	<u>130,000</u>	<u>114,784</u>	<u>(15,216)</u>
Total expenditures				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(31,000)</u>	<u>(31,000)</u>	<u>4,440</u>	<u>35,440</u>
OTHER FINANCING SOURCES (USES):				
Grant proceeds	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)				
Net change in fund balances	<u>\$ (31,000)</u>	<u>\$ (31,000)</u>	<u>\$ 4,440</u>	<u>\$ 35,440</u>
FUND BALANCES:				
Fund Balance - April 1, 2007			<u>84,169</u>	
Fund Balance - March 31, 2008			<u>\$ 88,609</u>	

The accompanying notes are an integral part of these financial statements.

**RIGA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

ROAD IMPROVEMENT FUND

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Year Ended March 31, 2008

	Original Budget	Final Budget	Actual	Variance Over(Under)
REVENUES:				
Property taxes	\$ -	\$ -	\$ (27)	\$ (27)
Interest	3,000	3,000	4,320	1,320
Miscellaneous	4,000	4,000	4,793	793
Total revenues	7,000	7,000	9,086	2,086
EXPENDITURES:				
Public works:				
Road construction & maintenance	70,000	69,850	26,108	(43,742)
Other:				
Miscellaneous	100	250	-	(250)
Total expenditures	70,100	70,100	26,108	(43,992)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(63,100)</u>	<u>(63,100)</u>	<u>(17,022)</u>	<u>46,078</u>
OTHER FINANCING SOURCES (USES):				
Grant proceeds	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	<u>\$ (63,100)</u>	<u>\$ (63,100)</u>	<u>(17,022)</u>	<u>\$ 46,078</u>
FUND BALANCES:				
Fund Balance - April 1, 2007			<u>135,750</u>	
Fund Balance - March 31, 2008			<u>\$ 118,728</u>	

The accompanying notes are an integral part of these financial statements.

**RIGA TOWNSHIP
LENAWEE COUNTY, MICHIGAN**

TAX COLLECTION FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the Year Ended March 31, 2008

	Balance April 1, 2007	Additions	Deletions	Balance March 31, 2008
<u>ASSETS</u>				
Cash in bank	\$ 1,225	\$ 935,226	\$ 935,057	\$ 1,394
<u>LIABILITIES</u>				
Accounts payable	\$ 1,225	\$ 935,226	\$ 935,057	\$ 1,394

The accompanying notes are an integral part of these financial statements.

**GROSS
PUCKEY
GRUEL &
ROOF, P.C.**

Helping clients

create and preserve wealth

SHAREHOLDERS:
JOHN C. GRUEL, CPA
BRIAN D. NOFZINGER, CPA
JAMES A. PARKER, CPA
TAMMY SANFORD, CPA

4196 WEST MAPLE AVENUE
ADRIAN, MICHIGAN 49221

517/263-5788
800/272-1722
FAX: 517/265-5293

Communication with Those Charged with Governance

August 13, 2008

To the Board of Trustees
Riga Township

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Riga Township for the year ended March 31, 2008, and have issued our report thereon dated August 13, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated April 7, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on April 7, 2008.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Riga Township are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ending March 31, 2008. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the financial statements was (were):

Management's estimate of the depreciation expense is based on using the straight line method over the estimated useful lives of the asset. We evaluated the key factors and assumptions used to develop the depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit

procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 13, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

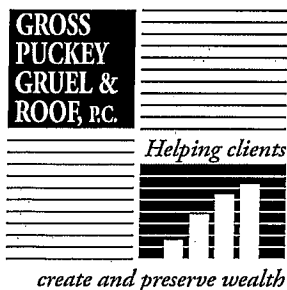
Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of The Board of Trustees and management of Riga Township and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,


Gross, Puckey, Gruel & Roof, P.C.



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Riga Township
Lenawee County, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Riga Township, Lenawee County Michigan, as of and for the year ended March 31, 2008, which collectively comprise Riga Township, Michigan's basic financial statements and have issued our report thereon dated March 31, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Riga Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Riga Township's, Michigan's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Riga Township, Michigan's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified no deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Riga Township, Michigan's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Riga Township, Michigan's financial statements that is more than inconsequential will not be prevented or detected by Riga Township, Michigan's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Riga Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

This report is intended solely for the information and use of the audit committee, management, Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Gross, Beckey, Greul & Ratz, P.C.

Adrian, Michigan
August 13, 2008